

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**AUDIT REPORT**

**JUNE 30, 2011**



**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
OF YUBA COUNTY**

**WHEATLAND, CALIFORNIA**

**JUNE 30, 2011**

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**ORGANIZATION**

The Wheatland Elementary School District was established in 1871 and is located in Yuba County. The District was established when the former Bear River School District was divided into Virginia and Wheatland School Districts. As of June 30th the District operated one elementary school, one K-8 school, and a charter school, Wheatland Charter Academy. However, since the new school year started, one elementary school merged into the intermediate school expanding it to K – 8.

**GOVERNING BOARD**

<b>MEMBER</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Mrs. Nicole Crabb	President	December 2012
Mr. Wayne Bishop	Clerk	December 2014
Mr. Ish Medina	Member	December 2014
Mr. Denis O'Connor	Member	December 2012
Mrs. Barbara Warren	Member	December 2014

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**ADMINISTRATION**

Mr. Craig Guensler	Superintendent
Mrs. Tamara Johnson	Chief Business Official

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
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JUNE 30, 2011**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Wheatland Elementary School District  
Wheatland, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wheatland Elementary School District, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Wheatland Elementary School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K – 12 Local Educational Agencies 2010 – 11*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wheatland Elementary School District, as of June 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2011 on our consideration of the Wheatland Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

SAN DIEGO

RANCHO CUCAMONGA

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tel. 619.270.8222 • [www.cwacpa.com](http://www.cwacpa.com) • fax. 619.260.9085

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The required supplementary information, such as management’s discussion and analysis on pages 3 through 11, the budgetary comparison schedule on pages 45 through 48, and the schedule of funding progress on page 49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wheatland Elementary School District’s basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, the Combining Statements – Non-Major Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Christy White Accountancy Corp*  
Rancho Cucamonga, California  
November 10, 2011



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### INTRODUCTION

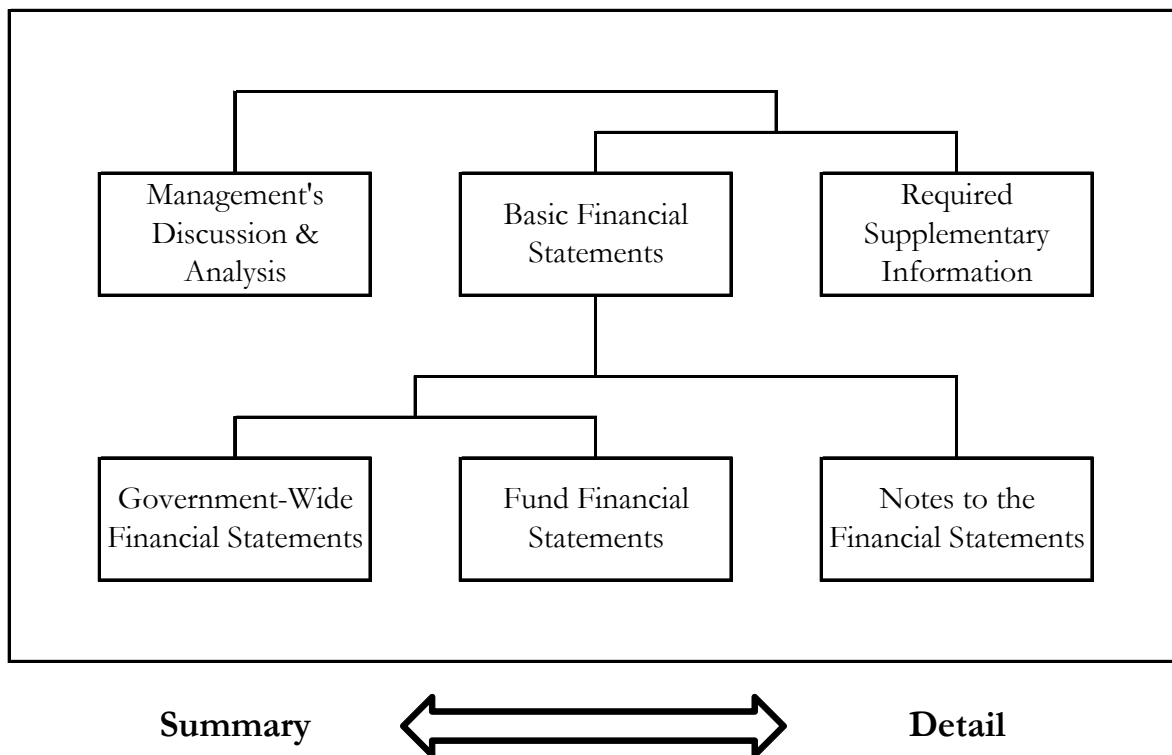
Our discussion and analysis of Wheatland Elementary School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2011. It should be read in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- ▶ Total net assets were \$ 43,935,587 at June 30, 2011. This was an increase of \$ 440,183 over the prior year.
- ▶ Overall revenues were \$ 15,742,896, which exceeded expenses of \$ 15,302,713.

### OVERVIEW OF FINANCIAL STATEMENTS

#### Components of the Financials Section





WHEATLAND ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, *continued*  
JUNE 30, 2011

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This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
  
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
  - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
  
  - ▶ **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

### **Government-Wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets, the difference between assets and liabilities, are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively. Wheatland School District experienced an increase in net assets. To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of facilities. An increase of 26 students during 10-11 was attributed to growth in the K-5 population at Bear River School. Federal Impact Aid Table 9 payments totaling \$2,245,129.40 were received during 2010-11.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Revenue limit funding and federal and state grants finance most of these activities.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, *continued*  
JUNE 30, 2011

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FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Assets

The District's combined net assets were \$43,935,587 at June 30, 2011.

	Governmental Activities		
	2011	2010	Net Change
<i>(amounts in thousands)</i>			
<b>ASSETS</b>			
Current assets	\$ 19,609	\$ 21,426	\$ (1,817)
Non-current assets, net	25,724	23,661	2,063
<b>Total Assets</b>	45,333	45,087	246
<b>LIABILITIES</b>			
Current liabilities	346	582	236
Non-current liabilities	1,051	1,010	(41)
<b>Total Liabilities</b>	1,397	1,592	195
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	25,724	23,661	2,063
Restricted	5,826	7,071	(1,245)
Unrestricted	12,386	12,763	(377)
<b>Total Net Assets</b>	43,936	43,495	441
<b>Total Liabilities and Net Assets</b>	\$ 45,333	\$ 45,087	\$ 636

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, *continued*  
JUNE 30, 2011

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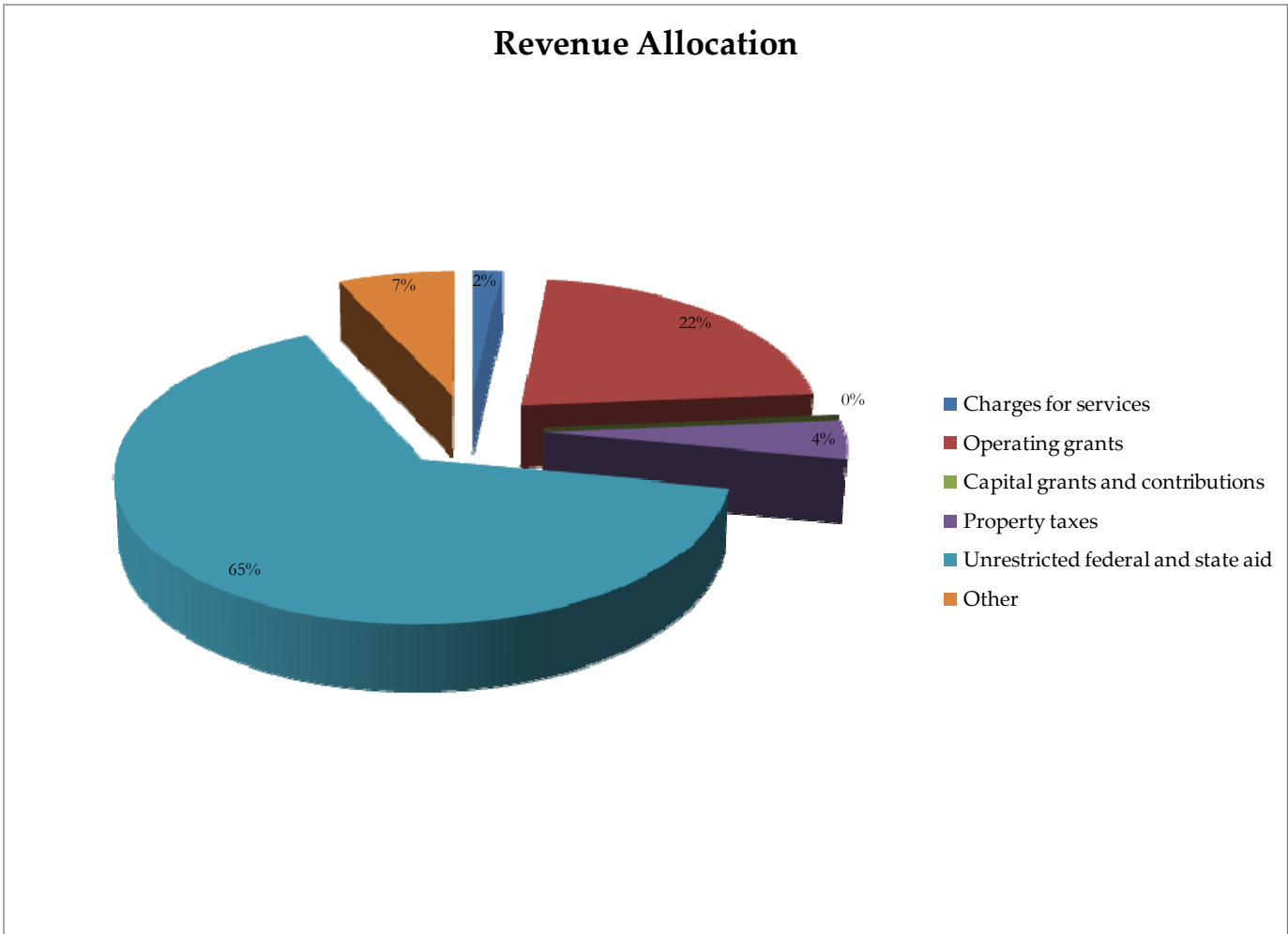
FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (*continued*)

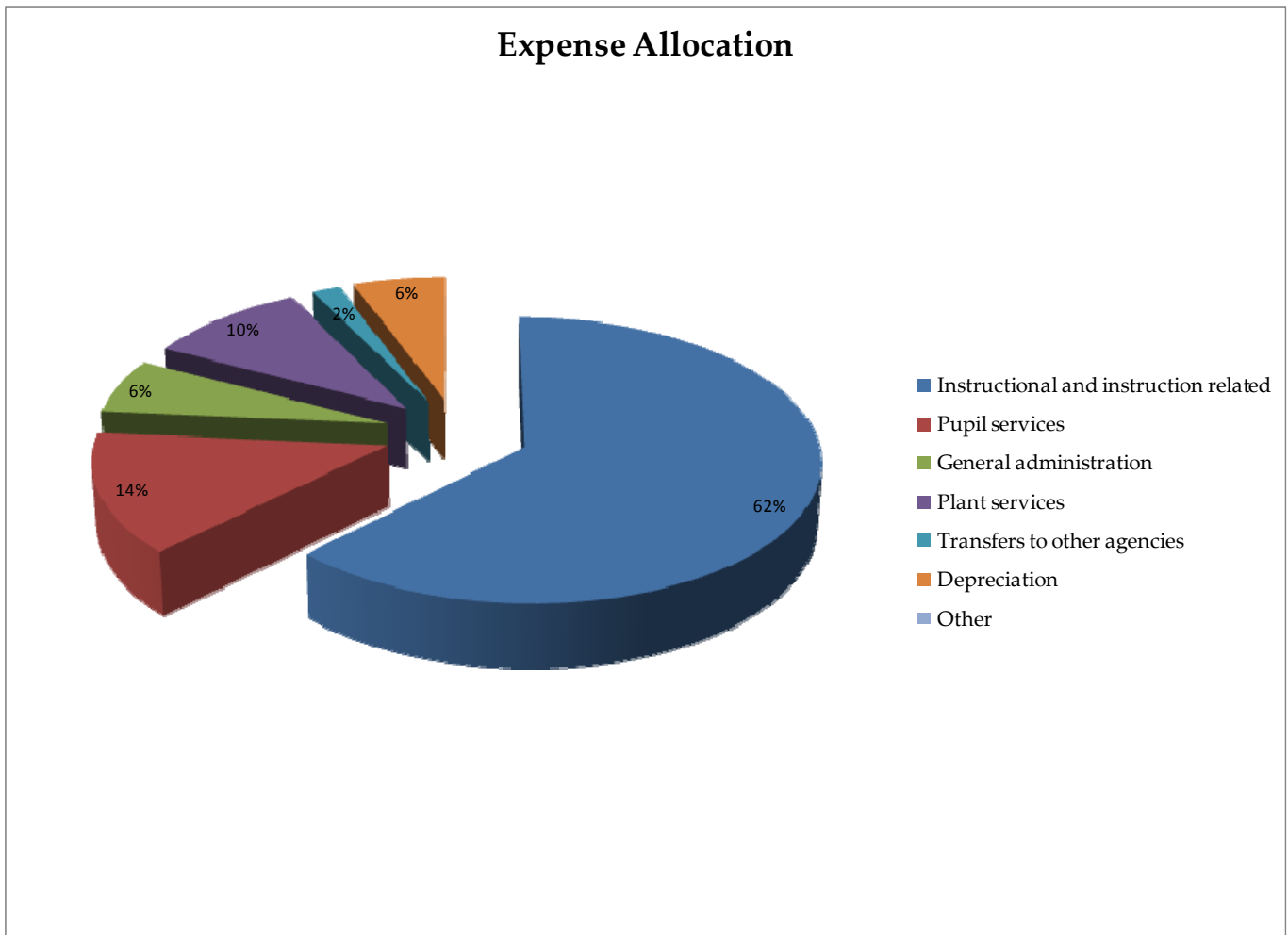
Changes in Net Assets

The District's total revenues were \$ 15,742,896. District revenue comes from Revenue Limit and property taxes (35%). Impact Aid accounted for 17% of revenues. Other federal and state aid for specific programs accounted for another 34% of total revenues. Miscellaneous local sources accounted for the remaining 14%.

The total cost of all programs and services was \$ 15,302,713. The District's expenses are predominately related to educating and caring for students (62%). Pupil Services (including transportation and food) account for 14% of expenses. Administrative activities accounted for just 6% of total costs. Plant services, which represent the facilities maintenance and operations costs, account for 10% of all costs. The remaining expenses were for ancillary services, community services, and other outgo (8%).

	<b>Governmental Activities</b>			
	<i>(amounts in thousands)</i>	<b>2011</b>	<b>2010</b>	<b>Net Change</b>
<b>REVENUES</b>				
Program revenues				
Charges for services	\$	282	\$ 379	\$ (97)
Operating grants		3,439	3,835	(396)
Capital grants and contributions		-	239	(239)
General revenues				-
Property taxes		681	629	52
Unrestricted federal and state aid		10,243	12,739	(2,496)
Other		1,098	658	
<b>Total Revenues</b>		<b>15,743</b>	<b>18,479</b>	<b>(3,176)</b>
<b>EXPENSES</b>				
Instructional and instruction related		9,572	9,147	425
Pupil services		2,122	2,024	98
General administration		961	1,313	(352)
Plant services		1,519	1,319	200
Transfers to other agencies		259	259	-
Depreciation		870	625	245
Other		-	-	-
<b>Total Expenses</b>		<b>15,303</b>	<b>14,687</b>	<b>616</b>
<b>Excess (deficiency)</b>		<b>440</b>	<b>3,792</b>	<b>(2,560)</b>
<b>Net Assets - Beginning</b>		<b>43,495</b>	<b>39,704</b>	<b>3,791</b>
<b>Net Assets - Ending</b>	\$	<b>43,935</b>	\$ 43,496	\$ 1,231





#### Governmental Activities

Net cost is total cost less fees generated by the related activity. The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, *continued*  
JUNE 30, 2011

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FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's governmental funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The governing board establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues. The District has one type of fund:

Governmental funds – All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information following the governmental funds statements that explains the relationship (or differences) between them.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$20,897,385 above last year's ending fund balance of \$16,987,468.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, *continued*  
JUNE 30, 2011

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2011, the District had invested \$25,723,502, net of accumulated depreciation in a broad range of capital assets, including land, construction in progress, buildings and improvements, equipment and vehicles. The capital assets increased due to Work in Progress from the prior year at Lone Tree for the Critical Hardship Electrical and Paving Projects, Lone Tree and Bear River's Apparatus Yard improvements, Bear River's Relocatable Project, being completed. There were some of smaller projects at some of the sites still in progress.

	<i>(amounts in thousands)</i>		
	<b>Governmental Activities</b>		
	<b>2011</b>	<b>2010</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land and construction in progress	\$ 624	\$ 766	\$ (142)
Buildings and equipment	32,564	29,509	3,055
Accumulated depreciation	(7,464)	(6,614)	(850)
<b>Total Capital Assets</b>	<b>\$ 25,724</b>	<b>\$ 23,661</b>	<b>\$ 2,063</b>

**Long-Term Liabilities**

At year end, the District had \$892,104 in long-term debt, consisting mainly of other postemployment benefits.

	<i>(amounts in thousands)</i>		
	<b>Governmental Activities</b>		
	<b>2011</b>	<b>2010</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Net OPEB	\$ 991	\$ 977	\$ 14
Compensated absences	59	41	18
Other long-term liabilities	-	44	(44)
<b>Total Long-term Liabilities</b>	<b>\$ 1,050</b>	<b>\$ 1,062</b>	<b>\$ (12)</b>

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
JUNE 30, 2011**

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**CURRENT YEAR BUDGET 2010-11**

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. The final amendment to the budget was approved September 15, 2011. A schedule of the District's General Fund original and final budget amounts compared with actual revenues and expenditures is provided with the basic financial statements in the audited financial report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

- The State's economic/budget crisis has caused major concerns to the District. With more possible reductions of state revenues, the District continues to review the expenditure budget for additional cuts \$364,980 in additional revenue limit cuts are anticipated in the 2011-12 budget.
- The District successfully passed Measure R General Obligation bond in November 2008. No bonds have been issued on this \$5.7 Million measure.
- The uncertainty of federal and state funding can have a profound impact on the financial health of the District. The federal budget is operating on a continuing resolution which affects the District's Impact Aid funding.
- The budget assumptions used to prepare the budget for 2011-12 did not include a cost of living allowance (COLA) in the State revenue limit. Therefore, no COLA amounts have been proposed to pass through to classified, secretarial, confidential, administrative, and management employees. Estimated step and column increases were budgeted for all employees.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for money it receives. If you have any questions about this report, or need additional financial information, contact Chief Business Official at 111 Main Street, Wheatland, CA 95692 (530) 633-3130.



WHEATLAND ELEMENTARY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 17,358,123
Accounts receivable	2,249,536
Inventory	1,453
Capital assets, non-depreciable	623,578
Capital assets, depreciable, net	25,099,924
<b>Total Assets</b>	<b>\$ 45,332,614</b>
<b>LIABILITIES</b>	
Accrued liabilities	\$ 156,793
Deferred revenue	189,418
Long-term liabilities, current portion	11,883
Long-term liabilities, non-current portion	1,038,933
<b>Total Liabilities</b>	<b>1,397,027</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	25,723,502
Restricted for	
Capital projects	5,122,506
Educational programs	703,773
Unrestricted	12,385,806
<b>Total Net Assets</b>	<b>43,935,587</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 45,332,614</b>

The accompanying notes are an integral part of these financial statements.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

Function/Programs	Expenses	Program Revenues		Governmental Activities	Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
<b>GOVERNMENTAL ACTIVITIES</b>					
Instruction	\$ 8,353,481	\$ 1,207	\$ 1,645,192	\$	(6,707,082)
Instruction-related services					
Instructional supervision and administration	155,892	-	95,922		(59,970)
Instructional library, media, and technology	266,178	225	65,205		(200,748)
School site administration	796,574	146	13,300		(783,128)
Pupil services					
Home-to-school transportation	386,900	-	224,981		(161,919)
Food services	589,305	186,048	338,235		(65,022)
All other pupil services	1,145,336	26,911	718,398		(400,027)
General administration					
All other general administration	960,820	958	143,269		(816,593)
Plant services	1,518,997	36,602	83,936		(1,398,459)
Transfer to other agencies	259,133	29,651	110,907		(118,575)
Depreciation (unallocated)	870,097				(870,097)
<b>Total Governmental Activities</b>	<b>\$ 15,302,713</b>	<b>\$ 281,748</b>	<b>\$ 3,439,345</b>		<b>(11,581,620)</b>
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes 680,716					
Federal and state aid not restricted for specific purposes 10,243,158					
Interest and investment earnings 425,791					
Interagency revenues 277,176					
Miscellaneous 394,962					
<b>Subtotal, General Revenue 12,021,803</b>					
<b>CHANGE IN NET ASSETS 440,183</b>					
<b>Net Assets - Beginning 43,495,404</b>					
<b>Net Assets - Ending \$ 43,935,587</b>					

The accompanying notes are an integral part of these financial statements.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2011

	General Fund	Charter School Fund	Child Development Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,302,860	\$ 743,021	\$ 26,004
Accounts receivable	1,954,788	184,624	3,430
Due from other funds	149,443	-	61,383
Stores inventory	-	-	-
<b>Total Assets</b>	<b>\$ 13,407,091</b>	<b>\$ 927,645</b>	<b>\$ 90,817</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 131,718	\$ 12,274	\$ 3,861
Due to other funds	62,729	84,644	60,523
Deferred revenue	186,747	2,671	-
<b>Total Liabilities</b>	<b>381,194</b>	<b>99,589</b>	<b>64,384</b>
<b>FUND BALANCES</b>			
Non-spendable	5,500	-	-
Spendable			
Restricted			
Educational programs	703,773	-	-
Capital projects	-	-	-
Committed	-	-	-
Assigned	11,730,558	828,056	26,433
Unassigned	586,066	-	-
<b>Total Fund Balances</b>	<b>13,025,897</b>	<b>828,056</b>	<b>26,433</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 13,407,091</b>	<b>\$ 927,645</b>	<b>\$ 90,817</b>

The accompanying notes are an integral part of these financial statements.

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<b>Deferred Maintenance Fund</b>	<b>Capital Facilities Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 181,170	\$ 3,923,896	\$ 1,181,172	\$ 17,358,123
542	44,730	61,422	2,249,536
-	683	663	212,172
-	-	1,453	1,453
<b>\$ 181,712</b>	<b>\$ 3,969,309</b>	<b>\$ 1,244,710</b>	<b>\$ 19,821,284</b>
\$ -	\$ -	\$ 8,940	\$ 156,793
-	2,475	1,801	212,172
-	-	-	189,418
-	2,475	10,741	558,383
-	-	1,453	6,953
-	-	-	703,773
-	3,966,834	1,155,672	5,122,506
181,712	-	-	181,712
-	-	76,844	12,661,891
-	-	-	586,066
<b>181,712</b>	<b>3,966,834</b>	<b>1,233,969</b>	<b>19,262,901</b>
<b>\$ 181,712</b>	<b>\$ 3,969,309</b>	<b>\$ 1,244,710</b>	<b>\$ 19,821,284</b>

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT  
OF NET ASSETS  
JUNE 30, 2011**

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**Total Fund Balance - Governmental Funds** \$ 19,262,901

Amounts reported for assets and liabilities for governmental activities in the statement of net assets are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net assets, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 33,187,081	
Accumulated depreciation	(7,463,579)	25,723,502

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Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net assets, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Net OPEB obligation	(991,403)	
Compensated absences	(59,413)	(1,050,816)

<b>Total Net Assets - Governmental Activities</b>	<b>\$ 43,935,587</b>	
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The accompanying notes are an integral part of these financial statements.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Charter School Fund	Child Development Fund
<b>REVENUES</b>			
Revenue limit sources			
State aid	\$ 4,842,615	\$ 443,391	\$ -
Local sources	680,716	-	-
Transfers	(16,302)	51,168	-
Federal sources	3,535,629	14,696	-
Other state sources	2,951,442	135,654	781,451
Other local sources	1,300,003	27,920	97,472
<b>Total Revenues</b>	13,294,103	672,829	878,923
<b>EXPENDITURES</b>			
Current			
Instruction	7,096,294	533,459	753,483
Instruction-related services			
Instructional supervision and administration	42,842	-	113,050
Instructional library, media, and technology	266,178	-	-
School site administration	667,967	124,409	3,458
Pupil services			
Home-to-school transportation	384,542	-	-
Food services	-	-	-
All other pupil services	1,145,336	-	-
General administration			
All other general administration	901,221	-	52,764
Plant services	1,004,478	81,729	62,078
Facilities acquisition and maintenance	-	-	-
Transfers to other agencies	249,045	10,088	-
<b>Total Expenditures</b>	11,757,903	749,685	984,833
<b>Excess (Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	1,536,200	(76,856)	(105,910)
<b>Other Financing Sources (Uses)</b>			
Transfers in	17,837	-	74,552
Transfers out	(139,722)	-	(17,837)
<b>Net Financing Sources (Uses)</b>	(121,885)	-	56,715
<b>NET CHANGE IN FUND BALANCE</b>	1,414,315	(76,856)	(49,195)
<b>Fund Balance - Beginning (Restated)</b>	11,611,582	904,912	75,628
<b>Fund Balance - Ending</b>	\$ 13,025,897	\$ 828,056	\$ 26,433

The accompanying notes are an integral part of these financial statements.

Deferred Maintenance Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 5,286,006
-	-	-	680,716
-	-	-	34,866
-	-	312,958	3,863,283
239,509	29,936	25,397	4,163,389
12,243	69,104	207,894	1,714,636
251,752	99,040	546,249	15,742,896
-	-	-	8,383,236
-	-	-	155,892
-	-	-	266,178
-	-	-	795,834
-	-	-	384,542
-	-	588,818	588,818
-	-	-	1,145,336
-	-	-	953,985
45,563	225,846	91,673	1,511,367
1,946,938	402,348	583,772	2,933,058
-	-	-	259,133
1,992,501	628,194	1,264,263	17,377,379
(1,740,749)	(529,154)	(718,014)	(1,634,483)
65,170	-	-	157,559
-	-	-	(157,559)
65,170	-	-	-
(1,675,579)	(529,154)	(718,014)	(1,634,483)
1,857,291	4,495,988	1,951,983	20,897,384
\$ 181,712	\$ 3,966,834	\$ 1,233,969	\$ 19,262,901

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Net Change in Fund Balances - Governmental Funds** \$ (1,634,483)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	2,933,058	
Depreciation expense:	(870,097)	2,062,961

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Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

(18,050)

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:

(14,245)

Other liabilities not normally liquidated with current financial resources:

In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:

44,000

<b>Change in net assets of Governmental Activities</b>	<b>\$</b>	<b>440,183</b>
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The accompanying notes are an integral part of these financial statements.



WHEATLAND ELEMENTARY SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

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	<u>ASB Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 119,120
<b>LIABILITIES</b>	
Due to student groups	\$ 119,120

The accompanying notes are an integral part of these financial statements.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The Wheatland Elementary School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Board of Trustees (Board) elected by registered voters of the District, which comprises an area in Yuba County. The District was established in 1871, when the former Bear River School District was divided into Virginia and Wheatland School Districts, and serves students in grades K-8.

The Wheatland Charter Academy (the “Charter”) was approved on March 7, 2001 and began operations in August of 2001. The Charter is not a separate legal entity; however, it does have a governance council consisting of the District Superintendent, a Charter teacher, a Charter parent, a local community representative, a Beale Air Force Base representative and a member of the District. The activity for the Charter is in the Charter School Fund.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For Wheatland Elementary School District, this includes general operations, food service, and student related activities of the District.

**B. Component Unit**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District. The District has no component units.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2011

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

C. Other Related Entities

**Joint Powers Authority (JPA).** The District is associated with four joint powers agencies'. These organizations do not meet the criteria for inclusion as component units of the District. Summarized financial statements are presented in Note 14 to the financial statements. These organizations are:

- North Valley Schools Insurance Group
- Tri-County Schools Insurance Group
- Central Valley Trust
- School Project for Utility Rate Reduction

D. Basis of Presentation

**Government-Wide Statements.** The statement of net assets and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

**Fund Financial Statements.** The fund financial statements provide information about the District's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

*Governmental funds* are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

*Fiduciary funds* are used to account for assets held by the LEA in a trustee or agency capacity for others that cannot be used to support the LEA's own programs.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2011

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

D. Basis of Presentation (*continued*)

Major Governmental Funds

**General Fund.** The general fund is the main operating fund of the LEA. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of an LEA's activities are reported in the general fund unless there is a compelling reason to account for an activity in another fund. An LEA may have only one general fund.

**Charter Schools Special Revenue Fund.** This fund may be used by authorizing LEAs to account separately for the activities of LEA-operated charter schools that would otherwise be reported in the authorizing LEA's general fund. If an LEA uses this fund for any of a charter school's operating activities, it should use this fund for all of the charter school's operating activities.

**Child Development Fund.** This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by an LEA for, or from the operation of, child development services covered under the Child Care and Development Services Act (Education Code Section 8200 et seq.) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (Education Code Section 8328).

**Deferred Maintenance Fund.** This fund is used to account separately for state apportionments and the LEA's contributions for deferred maintenance purposes (Education Code Sections 17582–17587). In addition, whenever the state funds provided pursuant to Education Code Sections 17584 and 17585 (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the district (Education Code Sections 17582 and 17583).

**Capital Facilities Fund.** This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (Education Code Sections 17620–17626). The authority for these levies may be county/city ordinances (Government Code Sections 65970–65981) or private agreements between the LEA and the developer. Interest earned in the Capital Facilities Fund (Fund 25) is restricted to that fund (Government Code Section 66006).

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2011

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

D. Basis of Presentation (*continued*)

Non-Major Governmental Funds

**Special Revenue Funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

**Cafeteria Special Revenue Fund.** This fund is used to account separately for federal, state, and local resources to operate the food service program (Education Code Sections 38090–38093). The Cafeteria Special Revenue Fund (Fund 13) shall be used only for those expenditures authorized by the governing board as necessary for the operation of the LEA's food service program (Education Code Sections 38091 and 38100).

**Capital Project Funds.** Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**County School Facilities Fund.** This fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070 et seq.).

**Special Reserve Fund for Capital Outlay Projects.** This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (Education Code Section 42840).

Fiduciary Funds

**Trust and Agency Funds.** Trust and Agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the LEA's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

**Student Body Fund.** The Student Body Fund is an agency fund and, therefore, consists only of accounts such as Cash and balancing liability accounts, such as Due to Student Groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (Education Code Sections 48930–48938).

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2011

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

E. Basis of Accounting – Measurement Focus

**Government-Wide and Fiduciary Financial Statements**

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other activities result from special revenue funds and the restrictions on their net asset use.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**Governmental Funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after year-end. All other revenue items are considered to be measurable and available only when the District receives cash. Revenue limits, property taxes, and grant awards are recorded the same as what is described for Government-Wide Statements. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement and postemployment healthcare benefits and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**Revenues – Exchange and Non-Exchange Transactions**

Revenue limits and other state apportionments are government mandated non-exchange transactions and are recognized when all eligibility requirements have been met. When the annual calculation of the revenue limit (Form K-12 Annual) is made, and the District's actual tax receipts as reported by the county auditor is subtracted, the result determines the annual state aid to which the LEA is entitled. If the difference between the calculated annual state aid and the state aid received on the second principal apportionment is positive a receivable is recorded, and if it is negative a payable is recorded. The District recognizes property tax revenues actually received as reported on CDE's Principal Apportionment Tax Software, used by county offices of education and county auditors to report school district and county taxes. The District makes no accrual for property taxes receivable as of June 30.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2011

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

E. Basis of Accounting – Measurement Focus (*continued*)

The District receives grant awards that are "reimbursement type" or "expenditure driven." The eligibility requirements of these awards have not been met until the LEA has made the required expenditures of the grant within the time period specified by the grantor. Revenue is recognized in the period in which the qualifying expenditures are made. Cash received but unspent at the end of the fiscal period is booked as a liability, and revenue is reduced to the amount that has been expended.

The District also receives funds for which they have fulfilled specific eligibility requirements or have provided a particular service. Once the LEAs have provided these services, they have earned the revenue provided. Any unspent money may be carried to the next year to be expended for the same restricted purposes. Revenue is recognized in the period that the service is provided, and any carryover becomes a part of the LEA's ending fund balance.

**Deferred Revenue**

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as deferred revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as deferred revenue.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2011

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities, and Net Assets

**Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the county treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2011, based on market process. The individual funds' portions of the pool's fair value are presented as "Cash in County." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund.

**Cash and Cash Equivalents**

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Cash in County is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

**Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The District maintains a capitalization threshold of \$20,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and improvements	50
Site Improvements	20
Equipment	25
Vehicles	8

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net assets.



WHEATLAND ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2011

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

F. Assets, Liabilities, and Net Assets (*continued*)

**Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the accounts payable in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

**Deferred Issuance Costs, Premiums, and Discounts**

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2011

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

F. Assets, Liabilities, and Net Assets (*continued*)

*Restricted* - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net assets as reported in the government-wide, proprietary fund, and fiduciary trust fund statements.

*Committed* - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner, in which they were imposed, that is, by the same formal action of the Governing Board.

*Assigned* - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

*Unassigned* - In the general fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the general fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2011**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Assets, Liabilities, and Net Assets (continued)**

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The District has related debt outstanding as of June 30, 2011. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The district-wide financial statements report \$5,826,279 of restricted net assets.

**G. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

**H. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**I. Budgetary Data**

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have been included as revenue and expenditures as required under generally accepted accounting principles.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, *continued*  
 JUNE 30, 2011

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

J. Changes in Accounting Principle

For the fiscal year ended June 30, 2011, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Summary of Deposits and Investments

	Governmental Activities	Fiduciary Funds	Total
Deposits in financial institutions	\$ 5,500	\$ 119,120	\$ 124,620
Cash in County	17,352,623	-	17,352,623
<b>Total</b>	<b>\$ 17,358,123</b>	<b>\$ 119,120</b>	<b>\$ 17,477,243</b>

B. Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations; and the Yuba County Investment Pool.

**Investment in County Treasury** – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011**

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**NOTE 2 – DEPOSITS AND INVESTMENTS (continued)**

**C. General Authorizations**

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies examples of the investment types permitted in the investment policy:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker’s Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool and purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**Specific Identification**

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investments by maturity:

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the county pool are not required to be rated.

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2011, the District's entire bank balance of \$117,819 was insured through FDIC.

NOTE 3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2011, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Charter School Fund	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government							
Categorical aid	\$ 1,198,179	\$ 56	\$ -	\$ -	\$ -	\$ 45,925	\$ 1,244,160
State Government							
Apportionment	21,041	-	-	-	-	-	21,041
Block Grant	-	124,851	-	-	-	-	124,851
Categorical aid	207,732	47,528	-	-	30,687	3,785	289,732
Lottery	63,567	9,016	-	-	-	-	72,583
Local Government							
Interest	48,052	3,173	289	542	14,043	4,289	70,388
Other Local Sources	416,217	-	3,141	-	-	7,423	426,781
<b>Total</b>	<b>\$ 1,954,788</b>	<b>\$ 184,624</b>	<b>\$ 3,430</b>	<b>\$ 542</b>	<b>\$ 44,730</b>	<b>\$ 61,422</b>	<b>\$ 2,249,536</b>

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2011**

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**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance July 01, 2010	Additions	Deductions	Balance June 30, 2011
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 362,000	\$ -	\$ -	\$ 362,000
Construction in progress	403,626	2,790,785	2,932,833	261,578
<hr/>				
Total Capital Assets not Being				
Depreciated	765,626	2,790,785	2,932,833	623,578
<hr/>				
Capital assets being depreciated				
Buildings & improvements	28,458,064	2,932,833		31,390,897
Furniture & equipment	1,050,780	142,273	20,447	1,172,606
<hr/>				
Total Capital Assets Being				
Depreciated	29,508,844	3,075,106	20,447	32,563,503
<hr/>				
Less Accumulated Depreciation				
Buildings & improvements	6,121,876	810,565		6,932,441
Furniture & equipment	492,053	59,532	20,447	531,138
<hr/>				
Total Accumulated Depreciation	6,613,929	870,097	20,447	7,463,579
<hr/>				
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 23,660,541</b>	<b>\$ 4,995,794</b>	<b>\$ 2,932,833</b>	<b>\$ 25,723,502</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Due To Other Funds	Due From Other Funds				Total
	General Fund	Child Development Fund	Capital Facilities Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 61,383	\$ 683	\$ 663	\$ 62,729
Charter School Fund	84,644	-	-	-	84,644
Child Development Fund	60,523	-	-	-	60,523
Capital Facilities Fund	2,475	-	-	-	2,475
Non-Major Funds	1,801	-	-	-	1,801
<b>Total Due From Other Funds</b>	<b>\$ 149,443</b>	<b>\$ 61,383</b>	<b>\$ 683</b>	<b>\$ 663</b>	<b>\$ 212,172</b>

General Fund contribution to Child Development for Early Intervention Aides & Workers' Comp premium refund	\$	61,383
General Fund owes the Capital Facilities Fund for the workers' comp refund		683
General Fund owes the Cafeteria Fund for the workers' comp refund		663
Child Development owes the General Fund for indirect charges, copier costs and OPEB charges		60,523
Capital Facilities Fund owes the General Fund for OPEB charges		2,475
Charter Fund owes the General Fund for oversight and facilities		84,644
Cafeteria Fund owes the General Fund for copier and OPEB charges		1,801
<b>Total</b>	<b>\$</b>	<b>212,172</b>

B. Operating Transfers

Interfund Transfers Out	Interfund Transfers In			Total
	General Fund	Child Development Fund	Deferred Maintenance Fund	
General Fund	\$ -	\$ 74,552	\$ 65,170	\$ 139,722
Child Development Fund	17,837	-	-	17,837
<b>Total Interfund Transfers</b>	<b>\$ 17,837</b>	<b>\$ 74,552</b>	<b>\$ 65,170</b>	<b>\$ 157,559</b>

General Fund transferred to the Child Development Fund for Early Intervention Aides	\$	74,552
General Fund transferred to the Deferred Maintenance Fund for match		65,170
Child Development transferred to General Fund for Assignment Reserve		17,837
<b>Total</b>	<b>\$</b>	<b>157,559</b>



WHEATLAND ELEMENTARY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

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NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2011, consisted of the following:

	General Fund	Charter School Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Activities
Vendors payable	\$ 70,597	\$ 2,186	\$ 3,861	\$ 8,940	\$ 85,584
Excess Cost	61,121	10,088		-	71,209
<b>Total</b>	<b>\$ 131,718</b>	<b>\$ 12,274</b>	<b>\$ 3,861</b>	<b>\$ 8,940</b>	<b>\$ 156,793</b>

NOTE 7 – DEFERRED REVENUE

The District periodically will receive grant money prior to making expenditures for that grant. The source of that grant money is listed below by fund. The deferred revenue totals at June 30, 2011, consist of the following:

	General Fund	Charter School Fund	Total Governmental Activities
Federal sources	\$ 104,714	\$ -	\$ 104,714
State categorical sources	82,033	2,671	84,704
<b>Total</b>	<b>\$ 186,747</b>	<b>\$ 2,671</b>	<b>\$ 189,418</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

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NOTE 8 – LONG-TERM DEBT

A. Long-Term Debt Summary

	Balance			Balance		Balance Due
	July 01, 2010	Additions	Deductions	June 30, 2011	In One Year	
<b>Governmental Activities</b>						
Compensated absences	\$ 41,363	\$ 18,050	\$ -	\$ 59,413	\$ 11,883	
Early Retirement Incentive	44,000	-	44,000	-	-	
Net OPEB obligations	977,158	14,245	-	991,403	-	
<b>Total</b>	<b>\$ 1,062,521</b>	<b>\$ 32,295</b>	<b>\$ 44,000</b>	<b>\$ 1,050,816</b>	<b>\$ 11,883</b>	

B. Compensated Absences

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2011, amounted to \$59,413.

C. Other Postemployment Benefits

The District follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The District's annual required contribution for the year ended June 30, 2011, was \$106,871 and contributions made by the District during the year were \$251,452, which resulted in a net OPEB obligation of \$832,691. See Note 11 for additional information regarding the OPEB Obligation and the postemployment benefit plan.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2011**

**NOTE 9 – FUND BALANCES**

Fund balances are composed of the following elements:

	General Fund	Charter School Fund	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund	Non-Major Governmental Funds
Non-spendable						
Non-restricted						
Reserve for revolving cash	\$ 5,500	\$ -	\$ -		\$ -	\$ -
Reserve for stores inventory	-	-	-		-	1,453
Spendable						
Restricted						
Educational programs						
Federal	65,358	-	-		-	-
State	74,911	-	-		-	-
Local	563,504	-	-		-	-
Capital projects					3,966,834	765,086
Committed						
Other commitments				181,712		-
Assigned						
Accrued Vacation	59,574	-	-	-	-	-
CAT Flex - ED	1,734,645	-	-	-	-	-
1/12th salaries and benefits	795,421	-	-	-	-	-
One time table 9 Impact Aid	4,083,608	-	-	-	-	-
School Site carryover	321,913	-	-	-	-	-
Lottery	688,195	29,977	-	-	-	-
Federal Impact Aid	2,540,998	-	-	-	-	-
Child Development	1,932	-	-	-	-	-
Retiree Benefits	1,504,272	-	-	-	-	-
Facilities Acquisition	-	250,000	-	-	-	-
Other Assignments	-	548,079	26,433	-	-	437,989
Unassigned						
Reserve for economic uncertainties	583,756	-	-		-	29,441
Unassigned	2,310	-	-		-	-
<b>Total</b>	<b>\$ 13,025,897</b>	<b>\$ 828,056</b>	<b>\$ 26,433</b>	<b>\$ 181,712</b>	<b>\$ -</b>	<b>\$ 76,844</b>

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District’s Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than the CDE required minimum fund balance requirement.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

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**NOTE 10 – EXPENDITURES (BUDGET VERSUS ACTUAL)**

At June 30, 2011, the following District funds exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
Child Development Fund	\$ 950,787	\$ 1,002,670	\$ (51,883)
Cafeteria Special Revenue Fund	\$ 586,583	\$ 588,818	\$ (2,235)
Deferred Maintenance Fund	\$ 1,981,158	1,992,501	(11,343)
Special Reserve Fund for Capital Outlay Projects	\$ 86,815	\$ 91,673	\$ (4,858)

**NOTE 11 – POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**A. Plan Description**

The Postemployment Benefit Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the Wheatland Elementary School District. The Plan offers the following benefits by bargaining unit:

	<u>Certificated</u>	<u>Classified</u>	<u>WESS</u>
Benefit types provided	Medical,only	Medical,only	Medical,only
Duration of Benefits	Five years, but not beyond age 65	Five years, but not beyond Medicare age	Five years, but not beyond Medicare age
Required Service	15 years	15 years	15 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%	100%	100%
District Cap	\$400 per month	\$600 per month	\$833.33 per month

**B. Funding Policy**

The contribution requirements of Plan members and the District are established and may be amended by the District and District’s bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2011, the District contributed \$251,452 to the Plan, all of which was used for current premiums.

**C. Annual OPEB Cost and Net OPEB Obligation**

The District’s annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

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NOTE 11 – POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS  
 (OPEB) (continued)

C. Annual OPEB Cost and Net OPEB Obligation (continued)

The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation to the Plan:

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 is as follows:

Annual required contribution	\$	106,871
Interest on net OPEB obligation		111
Adjustment to annual required contribution		3
Total		106,985
Annual OPEB cost (expense)		106,985
Contributions made		(92,740)
Increase in net OPEB obligation		14,245
Net OPEB obligation, beginning of the year		977,158
Net OPEB obligation, end of the year	\$	991,403

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was not funded. This results in an unfunded actuarial accrued liability (UAAL) of \$991,403. The covered payroll (annual payroll of active employees covered by the plan) was \$, and the ratio of UAAL to the covered payroll was percent.

Fiscal Year	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
2008-09	\$ 106,913	65%	\$ 1,092,695
2009-10	\$ 106,871	390%	\$ 977,158
2010-11	\$ 106,871	85%	\$ 991,403

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2011

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NOTE 11 – POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS  
(OPEB) (continued)

D. Funded Status and Funding Progress (continued)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections and benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the February 1, 2009, actuarial valuation, the “entry age normal” actuarial cost method was used. The actuarial assumptions included an inflation rate of 3 percent per year; a 5 percent investment return on plan assets. For medical costs a 4 percent trend rate was used based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Finally, payroll is assumed to increase 3 percent per year. A level percentage of payroll method was used to allocate amortization cost by year. We used a 30 year amortization period. Because there has not been a previous valuation to comply with GASB 43 and/or 45, it was not necessary at this time for the District to make an election with respect to whether to use an “open” or “closed” amortization period; or whether to use different amortization periods for different sources of the UAAL.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

A. CalSTRS

**Plan Description**

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2011

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NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS (*continued*)

A. CalSTRS (*continued*)

**Funding Policy**

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2011 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2011, 2010, and 2009, were \$453,847, \$422,551, and \$501,461, respectively, and equal 100 percent of the required contributions for each year.

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$234,733 to CalSTRS (4.267% of salaries subject to CalSTRS in 2010-11).

B. CalPERS

**Plan Description**

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

**Funding Policy**

Active plan members are required to contribute 7.0% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2011 was 10.707% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2011, 2010, and 2009, were \$264,513, \$224,211, and \$254,854, respectively, and equal 100 percent of the required contributions for each year.

C. Social Security

As established by federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2011

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NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2011.

C. Construction Commitments

As of June 30, 2011, the District had no commitments with respect to the unfinished capital projects.

NOTE 14 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of four joint powers authorities (JPAs). The first is the NVSIG to provide workers' compensation insurance, another is the TCSIG to provide liability and property insurance, the third is CVT for health, dental, vision and life insurance and the fourth is SPURR to help with rate stabilization for natural gas. The relationship is such that the JPAs are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these financial statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2011, the District made the following payments to each JPA:

• NVSIG	\$ 165,018
• TCSIG	\$ 107,688
• CVT	\$1,662,038
• SPURR	\$ 18,756



WHEATLAND ELEMENTARY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2011

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NOTE 15 – PRIOR PERIOD RESTATEMENTS

The prior period adjustments of fund balances related to GASB 54 consist of the following:

	General Fund	Special Reserve Other Than Capital Outlay Fund	Special Reserve for Post- Employment Benefits Fund	Total
2010 Change in Fund Balance	\$ 4,094,390	\$ 42,001	\$ (14,713)	\$ 4,121,678
Decrease in:				
Local revenue	-	(42,001)	(8,210)	(50,211)
Plant services	(22,923)		-	(22,923)
Increase in:				
Local revenue	50,211	-	-	50,211
Plant services	-	-	22,923	22,923
<b>Restated Change in Fund Balance</b>	<b>\$ 4,121,678</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,121,678</b>

	General Fund	Special Reserve Other Than Capital Outlay Fund	Special Reserve for Post- Employment Benefits Fund	Total
2010 Fund Balance	\$ 7,579,343	\$ 2,500,790	\$ 1,531,449	\$ 11,611,582
Decrease in:				
Cash in County	-	(2,490,666)	(1,525,087)	(4,015,753)
Accounts receivable	-	(10,124)	(6,362)	(16,486)
Increase in:				
Cash in County	4,015,753	-	-	4,015,753
Accounts receivable	16,486	-	-	16,486
<b>Restated Fund Balance</b>	<b>\$ 11,611,582</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,611,582</b>

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive / (Negative) Final to Actual
<b>REVENUES</b>				
Revenue limit sources				
State aid	\$ 4,605,601	\$ 4,627,009	\$ 4,842,615	\$ 215,606
Local sources	568,120	609,997	680,716	70,719
Transfers	(15,202)	(16,154)	(16,302)	(148)
Federal sources	2,040,128	3,121,420	3,535,629	414,209
Other state sources	2,068,537	2,200,519	2,951,442	750,923
Other local sources	927,067	1,102,539	1,300,003	197,464
<b>Total Revenues</b>	<b>10,194,251</b>	<b>11,645,330</b>	<b>13,294,103</b>	<b>1,648,773</b>
<b>EXPENDITURES</b>				
Certificated salaries	4,554,635	4,802,689	5,021,008	(218,319)
Classified salaries	2,240,594	2,368,902	2,368,070	832
Employee benefits	2,068,995	2,140,017	2,362,467	(222,450)
Books and supplies	1,120,585	1,447,980	766,550	681,430
Services and other operating expenditures	1,079,694	1,413,383	1,043,527	369,856
Capital outlay	-	10,000	-	10,000
Other outgo				
Excluding transfers of indirect costs	300,950	300,950	249,045	51,905
Transfers of indirect costs	(48,518)	(48,518)	(52,764)	4,246
<b>Total Expenditures</b>	<b>11,316,935</b>	<b>12,435,403</b>	<b>11,757,903</b>	<b>677,500</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(1,122,684)</b>	<b>(790,073)</b>	<b>1,536,200</b>	<b>2,326,273</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	265,583	283,420	17,837	(265,583)
Transfers out	(382,195)	(389,306)	(139,722)	249,584
<b>Net Financing Sources (Uses)</b>	<b>(116,612)</b>	<b>(105,886)</b>	<b>(121,885)</b>	<b>(15,999)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,239,296)</b>	<b>(895,959)</b>	<b>1,414,315</b>	<b>2,310,274</b>
<b>Fund Balance - Beginning (Restated)</b>	<b>11,611,582</b>	<b>11,611,582</b>	<b>11,611,582</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 10,372,286</b>	<b>\$ 10,715,623</b>	<b>\$ 13,025,897</b>	<b>\$ 2,310,274</b>

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
 CHARTER SCHOOL FUND – BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive / (Negative) Final to Actual
<b>REVENUES</b>				
Revenue limit sources				
State aid	\$ 416,239	\$ 443,188	\$ 443,391	\$ 203
Local sources	-	-	-	-
Transfers	48,184	50,790	51,168	378
Federal sources	8,431	16,958	14,696	(2,262)
Other state sources	129,939	129,999	135,654	5,655
Other local sources	17,000	14,904	27,920	13,016
<b>Total Revenues</b>	<b>619,793</b>	<b>655,839</b>	<b>672,829</b>	<b>16,990</b>
<b>EXPENDITURES</b>				
Certificated salaries	299,231	315,225	321,326	(6,101)
Classified salaries	102,689	101,827	101,834	(7)
Employee benefits	164,228	130,801	136,592	(5,791)
Books and supplies	128,662	176,461	65,535	110,926
Services and other operating expenditures	78,000	145,890	114,310	31,580
Capital outlay	-	-	-	-
Other outgo				
Excluding transfers of indirect costs	25,000	5,395	10,088	(4,693)
Transfers of indirect costs	-	-	-	-
<b>Total Expenditures</b>	<b>797,810</b>	<b>875,599</b>	<b>749,685</b>	<b>125,914</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(178,017)</b>	<b>(219,760)</b>	<b>(76,856)</b>	<b>142,904</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(178,017)</b>	<b>(219,760)</b>	<b>(76,856)</b>	<b>142,904</b>
<b>Fund Balance - Beginning</b>	<b>904,912</b>	<b>904,912</b>	<b>904,912</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 726,895</b>	<b>\$ 685,152</b>	<b>\$ 828,056</b>	<b>\$ 142,904</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
CHILD DEVELOPMENT FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance -
	Original	Final		Positive / (Negative) Final to Actual
<b>REVENUES</b>				
Other state sources	\$ 777,234	\$ 780,805	\$ 781,451	\$ 646
Other local sources	102,800	101,500	97,472	(4,028)
<b>Total Revenues</b>	<b>880,034</b>	<b>882,305</b>	<b>878,923</b>	<b>(3,382)</b>
<b>EXPENDITURES</b>				
Certificated salaries	336,973	348,985	355,146	(6,161)
Classified salaries	282,811	284,004	278,197	5,807
Employee benefits	101,307	100,877	126,810	(25,933)
Books and supplies	84,350	72,893	87,367	(14,474)
Services and other operating expenditures	61,295	77,673	84,549	(6,876)
Other outgo				
Transfers of indirect costs	48,518	48,518	52,764	(4,246)
<b>Total Expenditures</b>	<b>915,254</b>	<b>932,950</b>	<b>984,833</b>	<b>(51,883)</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(35,220)</b>	<b>(50,645)</b>	<b>(105,910)</b>	<b>(55,265)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	51,442	58,553	74,552	15,999
Transfers out	-	(17,837)	(17,837)	-
<b>Net Financing Sources (Uses)</b>	<b>51,442</b>	<b>40,716</b>	<b>56,715</b>	<b>15,999</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>16,222</b>	<b>(9,929)</b>	<b>(49,195)</b>	<b>(39,266)</b>
<b>Fund Balance - Beginning</b>	<b>75,628</b>	<b>75,628</b>	<b>75,628</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 91,850</b>	<b>\$ 65,699</b>	<b>\$ 26,433</b>	<b>\$ (39,266)</b>

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
 DEFERRED MAINTENANCE FUND – BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2011**

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	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive / (Negative) Final to Actual
<b>REVENUES</b>				
Other state sources	\$ -	\$ 239,510	\$ 239,509	\$ (1)
Other local sources	15,000	15,000	12,243	(2,757)
<b>Total Revenues</b>	<b>15,000</b>	<b>254,510</b>	<b>251,752</b>	<b>(2,758)</b>
<b>EXPENDITURES</b>				
Books and supplies	4,000	-	-	-
Services and other operating expenditures	-	31,892	45,563	(13,671)
Capital outlay	1,341,000	1,949,266	1,946,938	2,328
<b>Total Expenditures</b>	<b>1,345,000</b>	<b>1,981,158</b>	<b>1,992,501</b>	<b>(11,343)</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(1,330,000)</b>	<b>(1,726,648)</b>	<b>(1,740,749)</b>	<b>(14,101)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	65,170	65,170	65,170	-
<b>Net Financing Sources (Uses)</b>	<b>65,170</b>	<b>65,170</b>	<b>65,170</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,264,830)</b>	<b>(1,661,478)</b>	<b>(1,675,579)</b>	<b>(14,101)</b>
<b>Fund Balance - Beginning</b>	<b>1,857,291</b>	<b>1,857,291</b>	<b>1,857,291</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 592,461</b>	<b>\$ 195,813</b>	<b>\$ 181,712</b>	<b>\$ (14,101)</b>

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
 SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT (OPEB) FUNDING PROGRESS AND  
 EMPLOYER CONTRIBUTION  
 FOR THE YEAR ENDED JUNE 30, 2011**

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Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
9/1/2009	\$ -	\$ 1,025,688	\$ 1,025,688	0%	\$ 9,789,038	10%
5/10/2010	\$ -	\$ 977,158	\$ 977,158	0%	\$ 8,279,689	12%

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**SUPPLEMENTARY  
INFORMATION**

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**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education (CDE):			
NCLB: Title I, Part A, Basic Grants Low -Income and Neglected	84.010	14329	\$ 212,124
NCLB: Title II, Part A, Principal Training	84.367	14344	84,771
NCLB: Title II, Part D, Enhancing Education Through Technology, Formula Grants	84.318	14334	5,904
NCLB: Title III, Limited English Proficient (LEP) Student Program	84.365	10084	7,255
NCLB: Title IV, Part A, Drug-Free Schools	84.186	14347	6,529
NCLB: Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14350	52,770
ARRA: State Fiscal Stabilization Fund	84.394	25008	214,269
Education Jobs Fund (SB 847)	84.410	25152	105,497
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	159,087
ARRA: Special Ed: IDEA Part B, Sec 611, Basic Local Assistance	84.391	15003	74,961
Federal Impact Aid (ESEA, TITLE VIII) [1]	84.041	10015	2,619,570
Mentoring Program Grant	84.184B	*	34,148
<b>Total U. S. Department of Education</b>			<b>3,576,885</b>
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through CDE:			
Child Nutrition: School Programs (e.g., School Lunch)	10.555	*	312,958
<b>Total U. S. Department of Agriculture</b>			<b>312,958</b>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through CDE:			
Medi-Cal Billing Option	93.778	10013	125,064
<b>Total U. S. Department of Health &amp; Human Services</b>			<b>125,064</b>
<b>Total Federal Expenditures</b>			<b>\$ 4,014,907</b>

[1] - Major Program

\* - PCS Number not available

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2011**

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**School District:**

	<b>Second Period Report</b>	<b>Annual Report</b>
ELEMENTARY		
Kindergarten	133	133
First through third	400	399
Fourth through sixth	338	335
Seventh through eighth	218	217
Special day class	17	17
Average Daily Attendance Total	1,106	1,101

**Wheatland Charter Academy:**

	<b>Second Period Report</b>	<b>Annual Report</b>
REGULAR ELEMENTARY AND HIGH SCHOOL		
Total kindergarten	14	14
Total first through third	48	48
Total fourth through sixth	31	31
Total seventh through eighth	9	9
Total Elementary and High School	102	101
Classroom-based kindergarten	14	14
Classroom-based first through third	48	47
Classroom-based fourth through sixth	28	27
Total Classroom-Based Elementary and High School	90	88

See accompanying note to supplementary information.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2011**

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<b>Grade Level</b>	<b>1982 - 83 Actual Minutes</b>	<b>1982 - 83 Actual Minutes Reduced</b>	<b>1986 - 87 Minutes Requirement</b>	<b>1986 - 87 Minutes Requirement Reduced</b>	<b>2010-11 Actual Minutes</b>	<b>Number of Days</b>	<b>Status</b>
<b><u>District:</u></b>							
Kindergarten	31,938	31,051	36,000	35,000	54,680	180	Complied
Grade 1	45,063	43,811	50,400	49,000	51,540	180	Complied
Grade 2	45,063	43,811	50,400	49,000	51,540	180	Complied
Grade 3	45,063	43,811	50,400	49,000	51,540	180	Complied
Grade 4	52,500	51,042	54,000	52,500	55,140	180	Complied
Grade 5	52,500	51,042	54,000	52,500	55,140	180	Complied
Grade 6	52,500	51,042	54,000	52,500	62,462	180	Complied
Grade 7	52,500	51,042	54,000	52,500	62,462	180	Complied
Grade 8	54,000	52,500	54,000	52,500	62,462	180	Complied
<b><u>Charter School:</u></b>							
Kindergarten	*	*	36,000	35,000	61,440	180	Complied
Grade 1	*	*	50,400	49,000	51,540	180	Complied
Grade 2	*	*	50,400	49,000	51,540	180	Complied
Grade 3	*	*	50,400	49,000	51,540	180	Complied
Grade 4	*	*	54,000	52,500	55,140	180	Complied
Grade 5	*	*	54,000	52,500	55,140	180	Complied

See accompanying note to supplementary information.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

	2012 (Budget)	2011	2010	2009
<b>GENERAL FUND:</b>				
Revenues	\$ 11,622,686	13,122,267	15,868,462	\$ 14,126,579
Transfers in	169,282	17,837	100,175	70,494
Total	11,791,968	13,140,104	15,968,637	14,197,073
Expenditures	12,307,603	11,757,903	11,710,838	13,420,840
Other uses and transfers out	197,041	139,722	163,409	525,815
Total	12,504,644	11,897,625	11,874,247	13,946,655
<b>INCREASE/(DECREASE)</b>				
IN FUNDBALANCE	\$ (712,676)	\$ 1,242,479	\$ 4,094,390	\$ 250,418
ENDING FUNDBALANCE <sup>2</sup>	\$ 8,109,146	\$ 8,821,822	\$ 7,579,343	\$ 3,484,953
AVAILABLE RESERVES <sup>1</sup>	\$ 670,593	\$ 586,068	\$ 593,712	\$ 696,674
AVAILABLE RESERVES AS A PERCENTAGE OF OUTGO	5%	5%	5%	5%
LONG-TERM DEBT	958,997	958,997	1,062,521	1,163,218
AVERAGE DAILY ATTENDANCE AT P-2	1,106	1,106	1,076	1,175

The General Fund balance has increased \$5,493,743 over the past two years. The fiscal year 2011-2012 budget projects a decrease of \$712,676 (8 percent). For a district this size, the State recommends available reserves of at least 5% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating deficit during the 2011-2012 fiscal years. Total long term obligations have decreased by \$204,221 over the past two years.

Average daily attendance has decreased by 69 ADA over the past two years. No change in ADA is anticipated during the 2011-2012 fiscal years.

<sup>1</sup> Available reserves consist of all unassigned fund balance within the General Fund, including reserve for economic uncertainties.

<sup>2</sup> Consists of funds 01, 17 and 20.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**  
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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	<b>General Fund</b>	<b>Special Reserve Other Than Capital Outlay Fund</b>	<b>Special Reserve for Post- Employment Benefits Fund</b>
<b>FUND BALANCE</b>			
Balance June 30, 2011, Unaudited Actuals	\$ 8,978,696	\$ 2,542,929	\$ 1,504,272
Increase in:			
Cash and equivalents	4,032,704	-	-
Accounts receivable	14,497	-	-
Decrease in:			
Cash and equivalents	-	(2,533,921)	(1,498,783)
Accounts receivable	-	(9,008)	(5,489)
<b>Audited financial statement</b>	<b>\$ 13,025,897</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying note to supplementary information.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2011**

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<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
Wheatland Charter Academy	Active	Yes

See accompanying note to supplementary information.

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 JUNE 30, 2011

	Cafeteria Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	Non-Major Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 22,247	\$ 762,378	\$ 396,547	\$ 1,181,172
Accounts receivable	57,308	2,708	1,406	61,422
Due from other funds	663	-	-	663
Stores inventory	1,453	-	-	1,453
<b>Total Assets</b>	<b>\$ 81,671</b>	<b>\$ 765,086</b>	<b>\$ 397,953</b>	<b>\$ 1,244,710</b>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 1,573	\$ -	\$ 7,367	\$ 8,940
Due to other funds	1,801	-	-	1,801
<b>Total Liabilities</b>	<b>3,374</b>	<b>-</b>	<b>7,367</b>	<b>10,741</b>
<b>FUND BALANCES</b>				
Non-spendable	1,453	-	-	1,453
Spendable				
Restricted				
Capital projects	-	765,086	390,586	1,155,672
Assigned	76,844	-	-	76,844
<b>Total Fund Balances</b>	<b>78,297</b>	<b>765,086</b>	<b>390,586</b>	<b>1,233,969</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 81,671</b>	<b>\$ 765,086</b>	<b>\$ 397,953</b>	<b>\$ 1,244,710</b>

See accompanying note to supplementary information.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2011**

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	Cafeteria Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	Non-Major Governmental Funds
<b>REVENUES</b>				
Federal sources	\$ 312,958	\$ -	\$ -	\$ 312,958
Other state sources	25,397	-	-	25,397
Other local sources	186,563	14,430	6,901	207,894
<b>Total Revenues</b>	<b>524,918</b>	<b>14,430</b>	<b>6,901</b>	<b>546,249</b>
<b>EXPENDITURES</b>				
Current				
Pupil services				
Food services	588,818	-	-	588,818
Plant services	-	-	91,673	91,673
Facilities acquisition and maintenance	-	583,772	-	583,772
<b>Total Expenditures</b>	<b>588,818</b>	<b>583,772</b>	<b>91,673</b>	<b>1,264,263</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(63,900)</b>	<b>(569,342)</b>	<b>(84,772)</b>	<b>(718,014)</b>
<b>Fund Balance - Beginning</b>	<b>142,197</b>	<b>1,334,428</b>	<b>475,358</b>	<b>1,951,983</b>
<b>Fund Balance - Ending</b>	<b>\$ 78,297</b>	<b>\$ 765,086</b>	<b>\$ 390,586</b>	<b>\$ 1,233,969</b>

See accompanying note to supplementary information.



WHEATLAND ELEMENTARY SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2011

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NOTE 1 – PURPOSE OF SCHEDULES

**A. Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**B. Schedule of Average Daily Attendance (ADA)**

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

**C. Schedule of Instructional Time**

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by Education Code Section 46201.

**D. Schedule of Financial Trends and Analysis**

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

**E. Schedule of Annual Financial and Budget Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

**F. Schedule of Charter Schools**

This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the District audit.

**G. Combining Statements – Non-Major Governmental Funds**

These statements provide information on the District's non-major funds.

**H. Local Education Agency Organization Structure**

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration. (Located in the front of the audit report)

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**OTHER INDEPENDENT  
AUDITORS' REPORTS**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Wheatland Elementary School District  
Wheatland, California

We have audited the financial statements of Wheatland Elementary School District as of and for the year ended June 30, 2011, and have issued our report thereon dated November 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of Wheatland Elementary School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Wheatland Elementary School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

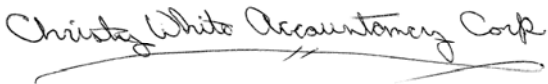
*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wheatland Elementary School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the California State Controller's Office, the California Department of Finance, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Christy White Accountancy Corp". The signature is written in black ink and is positioned above a horizontal line that serves as a separator.

Rancho Cucamonga, California  
November 10, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees  
Wheatland Elementary School District  
Wheatland, California

**Compliance**

We have audited Wheatland Elementary School District's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Wheatland Elementary School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Wheatland Elementary School District's management. Our responsibility is to express an opinion on Wheatland Elementary School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wheatland Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Wheatland Elementary School District's compliance with those requirements.

In our opinion, Wheatland Elementary School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

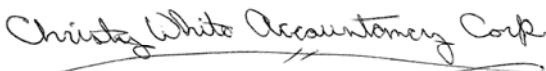
## Internal Control over Compliance

Management of Wheatland Elementary School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Wheatland Elementary School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses* as defined above. Wheatland Elementary School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Wheatland Elementary School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the California State Controller's Office, the California Department of Finance, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Christy White Accountancy Corp

Rancho Cucamonga, California  
November 10, 2011

**INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE**

Board of Trustees  
Wheatland Elementary School District  
Wheatland, California

We have audited Wheatland Elementary School District's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K – 12 Local Educational Agencies 2010-11*, issued by the California Education Audit Appeals Panel as regulations for the year ended June 30, 2011. Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of Wheatland Elementary School District's management. Our responsibility is to express an opinion on Wheatland Elementary School District's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K – 12 Local Educational Agencies 2010-11*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Wheatland Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Wheatland Elementary School District's compliance with the state laws and regulations referred to above.

In connection with the audit referred to above, we selected and tested transactions and records to determine Wheatland Elementary School District's compliance with the state laws and regulations applicable to the following items:

<b>PROGRAM NAME</b>	<b>PROCEDURES IN AUDIT GUIDE</b>	<b>PROCEDURES PERFORMED</b>
Attendance Accounting:		
Attendance Reporting	8	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Not Applicable <sup>1</sup>
Continuation Education	10	Not Applicable
Instructional Time for:		
School Districts	6	Yes
County offices of education	3	Not Applicable
Instructional Materials, general requirements	8	Yes

PROGRAM NAME	PROCEDURES	
	IN AUDIT GUIDE	PROCEDURES PERFORMED
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing Requirement - Receipt of Funds	1	Yes
Class Size Reduction (including in charter schools):		
General requirements	7	Yes
Option One	3	Yes
Option Two	4	Not Applicable
Districts or charter schools with only one school serving K - 3	4	Not Applicable
After School Education and Safety Program:		
General requirements	4	Yes
After school	4	Yes
Before school	5	Not Applicable
Contemporaneous Records of Attendance; for charter schools	1	Yes
Mode of Instruction; for charter schools	1	Yes
Nonclassroom-Based Instruction/Independent Study; for charter schools	15	Not Applicable <sup>3</sup>
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	3	Not Applicable <sup>2</sup>
Annual Instructional Minutes – Classroom Based; for		

<sup>1</sup> We did not perform testing for independent study because ADA was below the required threshold for testing.

<sup>2</sup> We did not perform testing for Determination of Funding for Nonclassroom Based Instruction because ADA for Nonclassroom-Based Instruction was less than 20% of total charter ADA.

<sup>3</sup> We did not perform testing for Nonclassroom-Based Instruction because ADA was below the required threshold for testing.

In our opinion, Wheatland Elementary School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2011.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the California State Controller's Office, the California Department of Finance, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Christy White Accountancy Corp*

Rancho Cucamonga, California

November 10, 2011



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**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

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**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
<u>84.041</u>	<u>Federal Impact Aid (ESEA, TITLE VIII)</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unqualified</u>

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**FIVE DIGIT CODE**

20000

30000

60000

**AB 3627 FINDING TYPE**

Inventory of Equipment

Internal Control

Miscellaneous

No Current year financial statement findings noted.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**FIVE DIGIT CODE**

50000

**AB 3627 FINDING TYPE**

Federal Compliance

No Federal Award Findings and Questions Costs noted.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**FIVE DIGIT CODE**

10000  
40000  
61000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

Attendance  
State Compliance  
Classroom Teacher Salaries  
Instructional Materials  
Teacher Misassignments  
School Accountability Report Card

No State Award findings and questioned costs noted.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**FIVE DIGIT CODE**

20000  
30000  
60000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control  
Miscellaneous

**2010-01 30000**

*DISTRICT BANK ACCOUNTS*

**Condition**

Most school districts maintain the following bank accounts:

- Revolving bank account
- Clearing bank account
- Cafeteria bank account
- ASB bank accounts, one for each site/ASB

Currently the District maintains the following bank accounts:

- Revolving bank account
- Afterschool revolving bank account
- Family resource revolving bank account
- Preschool revolving account
- Cafeteria bank account
- ASB bank accounts, one for each ASB

The activity running through the revolving accounts appear to be both clearing and fundraising activities as opposed to reimbursements for emergency purchases, as is the proper function of a revolving bank account.

During our audit testing of the bank accounts, it was noted the accounts were not consistently reconciled to the imprest amount;. and when the account was reduced to the proper imprest balance, the fact that the bank balance was significantly higher than the imprest amount suggests there was more activity running through the revolving accounts than reimbursements for emergency purchases.

The concern with this is that, among other things, there is a possibility revenue may not be recognized properly, though it does not appear to be material to the financial statements taken as a whole.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011**

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2010-01 30000

*DISTRICT BANK ACCOUNTS (continued)*

**Effect**

The more activity that runs through the a revolving account, the more muddled the activity becomes, therefore it makes the accounting for those funds that much more difficult and for the revenue to be recognized properly.

As far as the reconciliations are concerned, if revolving accounts are not reconciled consistently, then there is no way to determine the amount to replenish the account. In addition the account can be abused to run more purchases through the revolving account, by passing the purchasing department and creating an internal control weakness in the District's purchasing cycle.

When the revolving accounts function like a clearing account, the problem, with the lack of a reconciliation, is compounded by not knowing how much should be cleared out to the county treasury at the end of the month.

**Cause**

Unknown

**Criteria**

Through prior experience, California School Accounting Manual page 330-47, and Education Code § 41017, 42800-42806, 42810, 42820, and 42821.

**Recommendation**

The District should close all superfluous accounts and maintain one revolving account and one clearing account for a total of two bank accounts.

**Status**

Implemented

WHEATLAND ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011

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2010-02 30000  
*FUNDRAISING ACTIVITIES*

**Condition**

It appeared, during testing of internal controls, there was fund raising activities in the Family Resource account, but this account is listed as a revolving account. Also there was a lack receipting procedures or revenue potentials for the fundraising activities.

These activities appear to be more appropriate for an ASB account as opposed to a District operation.

**Effect**

There is the potential to misclassify revenue or cash based on unknown cash sources evidenced by the comingling of funds as part of a revolving account and a clearing account.

**Cause**

Unknown

**Criteria**

*The Associated Student Body Accounting Manual and Desk Reference* as published by Fiscal Crisis & Management Assistance Team (FCMAT).

**Recommendation**

District should probably not be taking part in fundraising activities outside of an ASB account.

However, if the District is to continue fundraising activities, proper internal controls need to be in place. Those include receipting procedures as well as use of a revenue potential. The revenue potential is a document which has a section for what the entity anticipates making on a given fundraiser based on the number of items to be sold, their selling price, and the entities purchase price of those item. Then there is a section for the actual activity that took place, which has a place for the deposit amounts, when the deposit took place, and finally the number of items left over or unsold. This provides a clear picture as to the "profitability" of the fundraising activity and whether or not an of the funds collected went missing.

**Status**

Implemented



WHEATLAND ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2011

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2010-03    30000  
*REIMBURSEMENT APPROVAL*

**Condition**

Through testing and inquiry, it was noted some reimbursement requisitions were approved by the same person requesting the reimbursement.

**Effect**

While the amounts noted were relatively immaterial, this could allow the opportunity for an individual to be reimbursed for something either not approved or reimbursement for something that is in violation of board policy.

**Cause**

Unknown

**Criteria**

Internal controls as defined in the glossary of the *2008 California School Accounting Manual (CSAM)*.

**Recommendation**

All purchases should have more than one approval on them so the requisitioner is not the same as the person approving the purchase/reimbursement.

**Status**

Implemented